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Thresholds' Comments on Illinois' Draft 1115 Waiver Application

Thresholds appreciates the opportunity to comment on the state's draft 1115 waiver application. As stated in our comments on the concept paper, we are very supportive of the state pursuing the waiver and believe that without additional federal investment in the community mental health and substance use services infrastructure *and* affordable housing, year after year thousands of people living with a serious mental illness will continue to be institutionalized inappropriately. This is tragic and enormously costly to the federal government and the state. The waiver is an opportunity to change this trajectory and enable individuals living with a serious mental illness (SMI) to access the right set of services and supports at the right time, while also saving the federal government and the state significant dollars.

Following are our comments and recommendations on the draft waiver application.

I. LTSS Infrastructure, Choice and Coordination

A. We Strongly Support the Housing and Supportive Housing Services Investment Proposals in the Draft Waiver Application

We are very happy to see that our recommendations on incentive-based payments for housing and supportive housing services to community behavioral health providers and managed care entities were included in the draft application. Based on Thresholds' more than fifty years of experience in supporting individuals with SMI in the community, we know that housing is an absolute precursor to recovery and health, and also prevents inappropriate and unnecessary institutionalization for those living with SMI who are homeless or unstably housed.

With respect to allowing managed care plans to employ the use of flexible service dollars to invest in housing and housing supports for individuals with SMI, we recommend the waiver include an acknowledgement that accountability measures will be put in place to ensure that these flexible dollars flow down to providers, and ultimately the individual in need of housing or flexible services. Protections need to be put in place to ensure these funds are not used by the managed care entities for other uses. This should be explicitly stated in the waiver application.

In addition, with respect to allowing for flexible service dollars (to improve health outcomes) for housing or other non-Medicaid services in managed care plans we recommend allowing CCEs to receive such funding rather than limiting these payments to MCOs and MCCNs. The waiver application specifically states that CCEs were created under Medicaid Reform to care for some of the most vulnerable populations, including those with SMI who are homeless. It therefore makes sense to allow CCEs to receive flexible dollars for this population.

B. We Strongly Support the Creation of Health Homes for Adults with SMI and the Commitment to Increase the State's Investment in Assertive Community Treatment (ACT) and Community Support Teams (CST)

We are strongly supportive of the state's commitment to apply for health homes under section 2703 of the Affordable Care Act for individuals with SMI. This population is hospitalized twice as often as the general Medicaid population and dies at a far younger age because treatable medical conditions go undiagnosed. Development of a health home model specifically for this population will go a long way in prevention and treatment of chronic medical conditions and will most certainly bring down unnecessary Medicaid costs over the long run.

We are also very happy to see that our recommendation to include an increased investment in ACT and CST services across the state is included in the waiver application. These evidence-based practices are proven to help individuals recover and manage other chronic medical conditions, and stay out of hospitals and institutional settings. This investment, combined with an investment in affordable housing, is necessary to reverse the expensive and inappropriate trend in Illinois to send people with SMI to nursing homes.

C. We Strongly Support the State's Commitment to Increase Children's Mental and Behavioral Health Services through the Waiver

We are very excited to see the state is including an increased investment in children's mental and behavioral health services in the waiver application, as we suggested in our comments on the concept paper. Access to the appropriate children's mental and behavioral health services is so lacking in Illinois that many families have been forced to relinquish custody of their child to get them desperately needed care (psychiatric lockouts have more than doubled in the last few years). It is imperative that the state make this investment so children with serious mental illnesses or emotional disturbances can grow into healthy, productive young adults, rather than ending up in psychiatric hospitals, institutions, the justice system or homeless because their mental illness goes untreated for years.

D. We Urge the State to Drop the Request to Waive the IMD Exclusion for SMHRFs

The IMD exclusion was put in place because the federal government does not want to support a public policy of institutionalizing individuals living with a mental illness in nursing homes.

Historically, the vast majority of IMDs (nursing homes specifically for individuals with a mental illness) in Illinois have provided only custodial care – most of these facilities do not offer real, sustained recovery services that help people get better and move out. This, combined with federal and state laws that force individuals to give up nearly all of their disability income upon entering a nursing facility, has made it nearly impossible for individuals to transition back out once they stabilize and is also why the state is under an *Olmstead* consent decree to deinstitutionalize this population.

Last year the Illinois General Assembly passed the SMHRF Act to encourage and enable IMDs to provide recovery-oriented services, prevent individuals from becoming institution-dependent and help individuals in psychiatric crisis stabilize and transition back to independent living in the community. The Nursing Home Care Act, which governed IMDs prior to the SMHRF Act, prohibited these facilities from many of these activities.

Thresholds is supportive of reforming the IMDs into SMHRFs because it is imperative that these facilities offer the right services that help the individuals that enter them to get better and transition back to independent living as soon as possible. Thresholds has worked with and is partners with many SMHRFs to help people transition from an institutional setting back to the community. If the SMHRFs do not reform, people will continue to get trapped in them for decades, and even life.

That said, SMHRFs remain institutional settings and the state does not need nearly as many SMHRF beds as we have in existence today. The passage of the SMHRF Act has not changed this. Becoming recovery-oriented facilities and encouraging individuals to move back to community-based living will be an enormous philosophical, cultural and treatment shift for the SMHRFs and will take time for the ones who are committed to the change in mission. Moreover, some SMHRFs may not reform.

If Illinois policymakers are truly committed to rebalancing the state's mental health safety-net in favor of increased access to community-based treatment services and housing in the community, as the waiver application states, the state must close thousands of SMHRF and nursing home beds for people with SMI as the state invests in ACT, CST and affordable housing. Waiving the IMD exclusion to get federal match for SMHRFs is bad public policy (they are still institutional settings) and will make it next to impossible for the state to close the facilities that do not reform, and also take beds off-line.

II. Transformation of the Health Care Delivery System

A. We Support the Nursing Facility Closure and Conversion Fund

Illinois has over 22,000 nursing home beds (both SMHRF and nursing home beds combined) that are occupied by individuals living with SMI. Nearly all of these individuals could live independently in the community with the right recovery services and supports, and access to affordable housing. The state must close thousands of these beds if it is serious about rebalancing the mental health system. If the state does not close these beds, these facilities will find a way to fill them. The Nursing Home Closure and Conversion Fund is a step in the right direction.

III. Creating a 21st Century Health Care Workforce

A. We Recommend Including Other Community Providers In the State's Primary Care Provider Loan Repayment Program

The draft application seems to indicate that the state's loan repayment program, currently unfunded but which will be funded through the waiver, may be broadened to include other professions beyond family medicine, nursing, allied health professions, dental and psychiatry to social workers and other professionals. We hope the state will consider including mental health professionals in this group – it is very difficult to train and retain staff in the community behavioral health arena. A state loan repayment program would make it more attractive to these professionals to stay with non-profit community behavioral health providers.

B. We Recommend the Creation of a Bonus Pool for All Distressed Non-Profit Community Health and Behavioral Health Providers to Establish Their Own Loan Repayment Programs Rather Than Limiting the Pool to Distressed Hospitals

The state is proposing a bonus payment pool for hospitals that are distressed to establish their own loan repayment programs to maintain an adequate workforce. Hospitals are not the only health care entities struggling to survive in a rapidly changing environment. We recommend the creation of a bonus pool for all distressed non-profit health and behavioral health providers for creation of their own loan repayment programs. It is not uncommon for non-hospital health and behavioral health providers to lose staff to hospitals that are able to pay more than community-based providers. Creation of agency loan-repayment programs would enable these distressed community providers to retain staff that are essential to maintaining people in the community.

IV. Stakeholder Input During the Negotiation Phase of the Wavier

We strongly encourage the state to include stakeholders in the waiver application process while the state is negotiating with federal CMS. The state's proposed 1115 waiver is an enormous undertaking, and providers, advocates and consumers should be very involved in something as big and transformational to the Medicaid program as this.

Thank you again for the opportunity to comment on the draft waiver application.

Sincerely,

Mark Ishaug
Chief Executive Officer

Heather O'Donnell
Vice President, Public Policy and Advocacy